



The Real Retail Story: Evolving shopper behaviour in EMEA

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#RealRetail

In collaboration with



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Foreword by Diane Perlman, CMO



For some time now, headlines have proclaimed that we're suffering through a 'retail apocalypse', a period of great difficulty for retail brands. Problems have hit an all-time high in 2019, a year which has seen the highest number of store closures in a decade across the EMEA region, with the UK being particularly hard-hit.

So, what are brands to do? We must closely examine the increasingly complex consumer, who has changed a lot over the years and make sense of the influence these changes have had on shopper sentiment. In our research, we looked to identify the trends that will help explain why shopping behaviour has changed so drastically. If we can understand consumer sentiment and how it is influenced along the path to purchase, it is possible to help retail brands, QSR and FMCG marketers learn about the kinds of innovation they need to integrate into their campaigns and indeed into the in-store experience, in order to drive store visits.

We set out to learn more, so we engaged Sapio research to independently survey 4,681 people in five markets to find out consumers views on the new purchase journey, online vs offline shopping habits and more. The findings of this report call into question whether 'retail apocalypse' is indeed the demise of the high street. Yes, people are shopping in new and interesting ways compared to five years ago, but it certainly doesn't mean the death of the high street. In fact, our report shows that we are entering a retail renaissance, where real-world shopping experiences are an essential part of the shopper journey. Physical stores absolutely have their place in this new era, but to make them work just as hard as online stores, retailers must make the most of the real-world intelligence they have at their disposal – and make those insights work harder. Real-world intelligence is powered by location data to unearth a crucial insight: the truth about what people actually do vs. what they say or show online on social channels.

Methodology



- Sapio interviewed 4,681 EMEA consumers across Italy (1,062), the UK (1,057), UAE (1,047), Germany (1,007) and the Netherlands (508). The sample was balanced by age and gender to ensure representative results.
- At an overall level results are accurate to $\pm 4.6\%$ at 95% confidence limits assuming a result of 50%.
- The interviews were conducted by Sapio Research in April/May 2019.
- Sapio Research, established in 2016 and shortlisted for the Market Research Society award for best new research agency that year, is a privately owned full-service market research consultancy.

The report delves into **four key trends:**

1 The savvy shopper and bargain hunter

This is where understanding the profile and motivations of your consumer really comes into play; by using mobile location data you can identify who your target audience is.

2 Where digital and real world collide

In this section we explore how digital trends have shifted demands in user experience.

3 The power of impulse

Where providing the right message to the right consumer at the right time can make the difference in driving them in-store.

4 Sealing the deal

Getting to grips with the consumer behaviours when it comes to paying for products.

The unfolding transformation of retail doesn't exclude the presence of physical stores. To keep the industry alive, retailers still need to drive consumers in-store. And in this new phase of retail, accurate location marketing, driven by accurate real-world intelligence, is going to play a vital role in driving this very important consumer touchpoint.

Ultimately, the right combination of insights and understanding of real human behaviour will offer a recipe for success in this retail renaissance, a time during which brands know who to reach, at the right time and with the right message, motivating consumers to walk in a store and convert.

1 The savvy shopper and bargain hunter

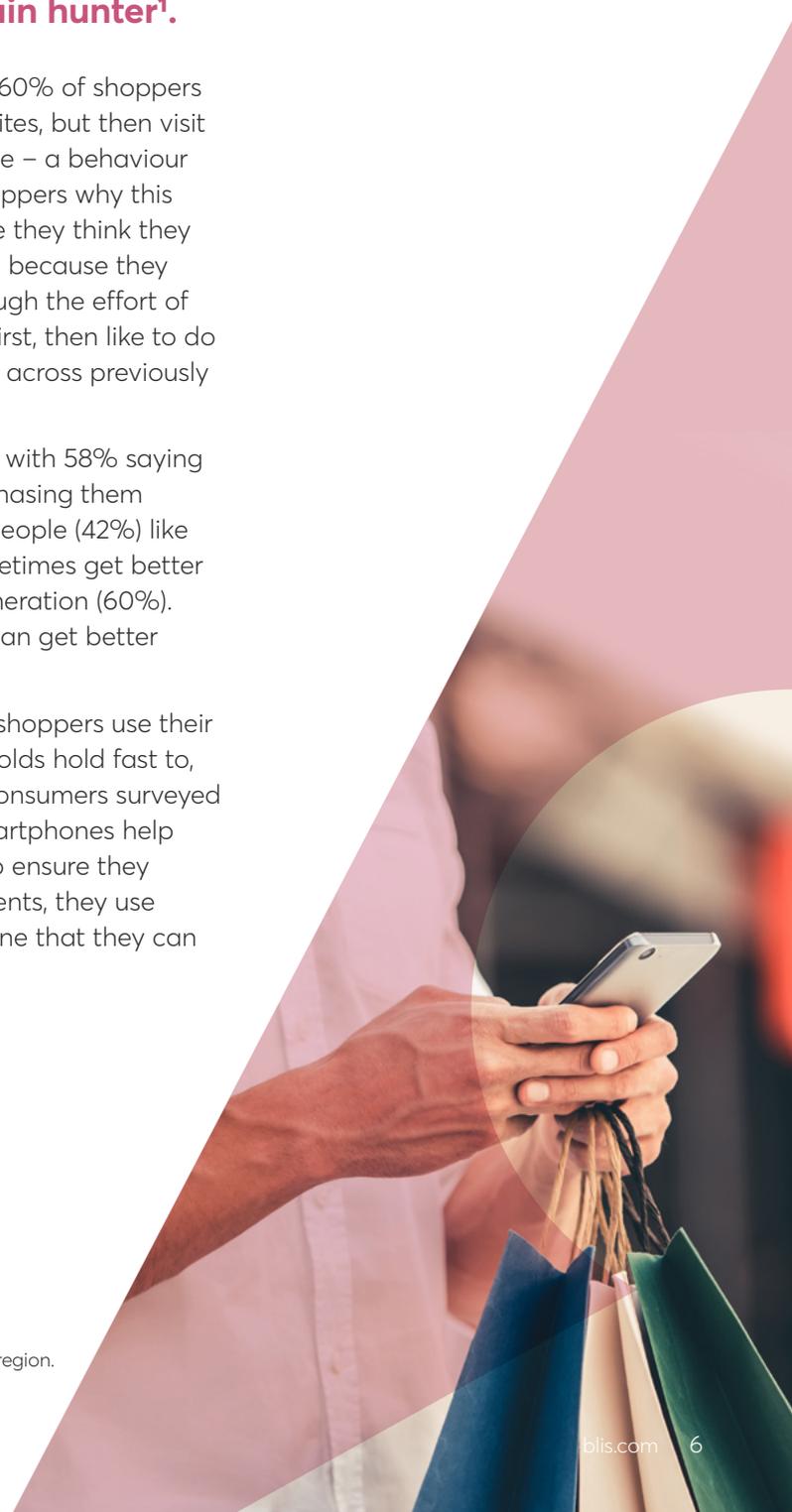
Let's dive into the EMEA findings and get to know two of the most common types of shopper across this region – the savvy shopper and the bargain hunter¹.

One of the most interesting findings from our study is that 60% of shoppers say they spend time searching for items on shopping websites, but then visit a physical store when it comes to making the final purchase – a behaviour commonly referred to as webrooming. We asked those shoppers why this is the case. Twenty nine percent told us they do so because they think they will ultimately find better deals, while nearly a third said it's because they prefer to know what is available in-store before going through the effort of visiting a shop. On top of this, 21% say they search online first, then like to do a second search in-store in the hope that they will stumble across previously undiscovered items.

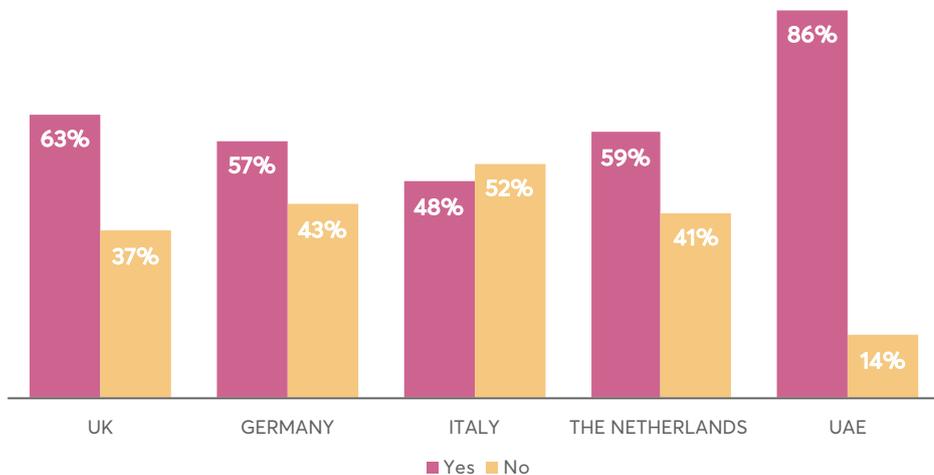
There's also a big trend to do the opposite of webrooming, with 58% saying they have spent time looking for items in store before purchasing them online. This behaviour is known as showrooming. A lot of people (42%) like this form of shopping because they find it helps them 'sometimes get better deals', a sentiment felt even more strongly by the older generation (60%). What this shows is that consumers generally believe they can get better deals online.

To help them find these deals in-store however, 63% of all shoppers use their mobile when shopping, a practice that 80% of 25-34 year olds hold fast to, and shoppers in the UAE do so the most out of all EMEA consumers surveyed (86%). For the vast majority (70%), this is because their smartphones help them to compare prices for the same item whilst in store to ensure they are getting the best deal. As for the other 30% of respondents, they use smartphones to check whether there are any vouchers online that they can use in-store.

¹ All percentages, unless stated otherwise, pertain to averages across the EMEA region.



Do you use your mobile when you are shopping in a physical store?



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58% say they have spent time looking for items in store before purchasing them online

Why do you use your mobile when you are shopping at a physical store?



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63% of all shoppers use their mobile when shopping

It is clear from the data that one of the most important factors is making sure a purchase decision is a 'good deal'. This is reinforced by the fact that 49% say they have a favourite sale period (e.g., end of summer sales or Black Friday), a sentiment that's particularly strong among 18-24 year olds (up to 60%). As expected, the most popular of these sales is the Black Friday sale (58%). What's more, 67% said they are open to providing personal data at the entrance of a store in exchange for vouchers, with the UAE again topping the charts. What all of this shows is that the shoppers of today are very savvy when it comes to making purchase decisions and want to make sure it's the best possible deal.

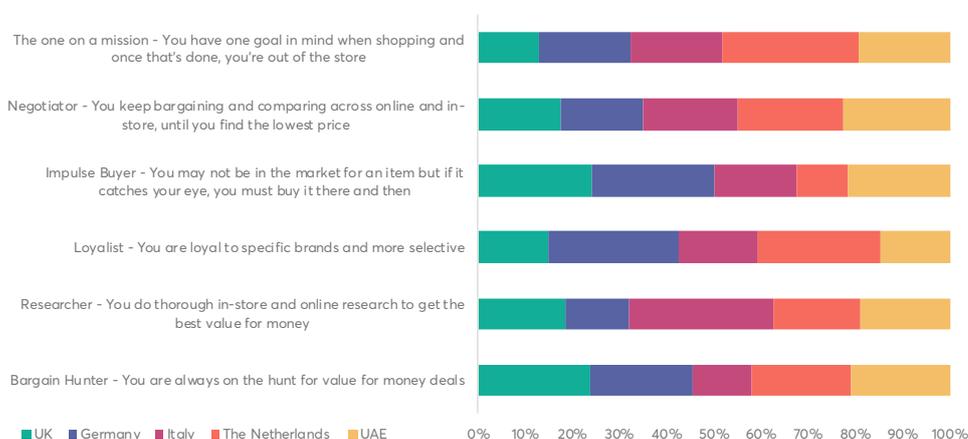
What are your views on providing personal information data at the entrance of a store in exchange for vouchers?

	UK	Germany	Italy	Netherlands	UAE
I'm open to it and would definitely input data	33%	25%	38%	33%	52%
I'm somewhat open to it and would input data if I had time	32%	31%	33%	32%	29%
I think it would disrupt my shopping experience	14%	14%	7%	10%	29%
Unsure	12%	15%	15%	14%	7%
I would not want to share my data	9%	16%	7%	10%	6%

But the story doesn't end here. We also found that a 'good deal' doesn't mean the same thing for everybody. For shoppers in the EMEA region, 36% perceive themselves as bargain hunters, the majority of whom identify as women (39%), while slightly fewer (33%) identify as men. Bargain hunters like looking for the cheapest deals they can find. Of all the regions, the UK had the most bargain hunters (43%) and Italy had the most researchers (45%). Understanding these trends can help savvy marketers better target their shoppers with more relevant offers and information.

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60% of shoppers say they spend time searching for items on shopping websites, but then visit a physical store when it comes to making the final purchase

What kind of shopper are you?



Overall, we can see that respondents in EMEA are keen to get the most bang for their buck. And most importantly for brands, consumers are providing valuable data while doing so, which can be used to target the right message to the right consumer, significantly affecting purchasing decisions. Furthermore, with our data showing that a large majority of consumers use their mobile phones whilst in store, brands can use real-world intelligence to not only target those browsing their mobile phones at a very valuable time, with relevant offers, discounts, drive interest from a competitor store or reinforce a brand message when the consumer is browsing on their mobile phone at home.

2 Where digital and real-world collide

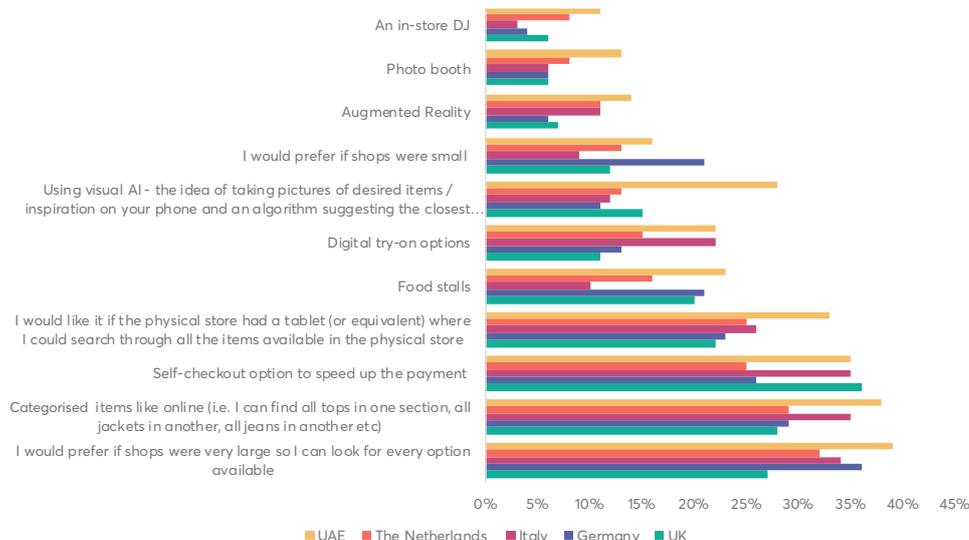
Consumers aren't looking to shop less in-store, but in fact, shop differently. Every single day, digitalisation spreads more into people's lives, and we have gathered insights to show that the new digital trends that have sprung up during this process are shifting demands in user experience.

Ultimately, what digital can offer is practicality and flexibility. For example, on Amazon.com, there is almost no limitation on how many options you have to browse for and you can do so at the click of a button. So, consumers across EMEA would like to see high-tech, innovative changes in retail spaces to replicate this digital practicality in physical stores.

We found that over a third (34%) of people would feel more inclined to purchase an item in-store if shops were very large, because this would increase the number of options they can choose from. As expanding store footprint may not be a realistic option for most retailers, brands need to get creative about how they can provide a better shopping experience and the perception of more choice in store. What's more, 32% of respondents said they would like a self-checkout option to speed up payments and categorise items similarly to online shops.



Would you feel more inclined to make a purchase in a store if a brand offered the following experiences to enhance your shopping trip?



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16% of consumers would like the option of using visual AI

And as online and offline shopping habits blend together, brands should prepare to offer a new hybrid shopping experience. Keeping up with the pace of change and technological innovation is the key. Our data shows that if brands offer augmented reality or digital try-on functionalities to enhance these experiences, 27% of consumers would be more inclined to make in-store purchases. While almost a fifth (16%) of consumers would like the option of using visual AI, whereby algorithms can scan images of desired items saved on your mobile phone and suggest the closest similar options in a store nearby.

Abandon Shop!

Our data shows that consumers want a more productive shopping experience – one that incorporates the practicality and flexibility of digital with in-store shopping – essentially they want the best of both worlds. If we look at the reasons why people abandon physical stores, however, it's clear that creating a more productive shopper experience is highly important for brick and mortar brands. The two main causes of abandoning a physical store are: a) the store is too crowded (48%) and b) that shoppers cannot find the right item (47%). Streamlining the shopping experience with digital innovation would be a good way to prevent consumers from abandoning shops, and many brands are already doing this. Burberry is a great example of a brand using innovation to improve the shopping experience. In 2017 Burberry started fitting products with RFID (radio frequency identification device) tags which can communicate with shoppers' mobiles, giving information about how items were produced or recommendations on how they can be worn and used. Brands can then use real-world intelligence to target consumers that are in close proximity to the stores offering these streamlined shopping experiences or raise awareness by serving ads when consumers are at home and reap the rewards of their store visits and brand awareness increasing.

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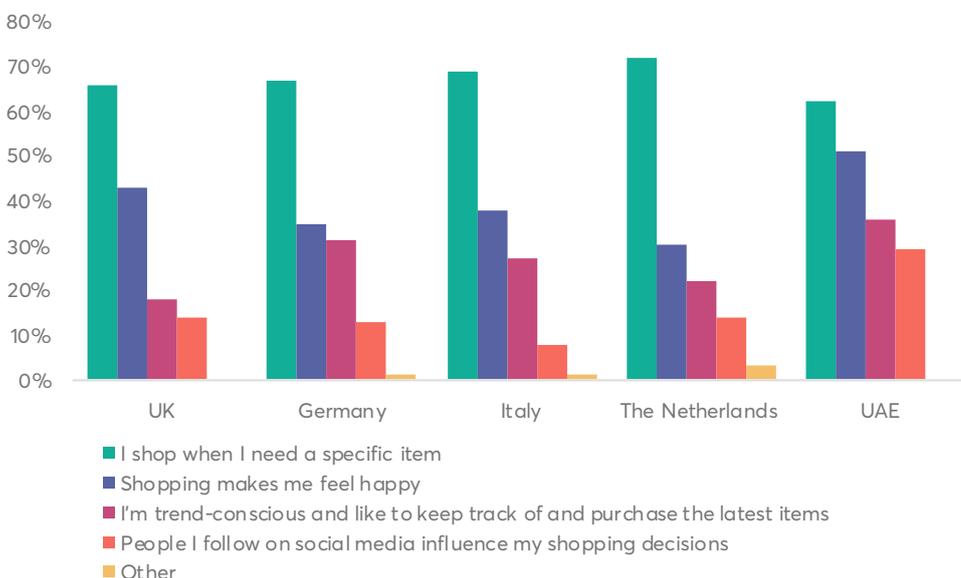
On the other hand, we found that the main causes of abandoning a purchase online are expensive delivery charges (51%) and items being out of stock (43%). As these are operational difficulties they can be challenging for retail brands to overcome, but the data shows that they are challenges in need of addressing.

3 The power of impulse

Many of the results seen so far point towards the idea that shopping is, for the most part, a well-planned activity, and that brands should use data and insights to target shoppers as they plan and research what they buy. However, our findings also show that a lot of purchase decisions are based on impulse.

While 40% say they shop because it makes them feel happy, and 42% cite shopping as one of their hobbies, shopping is very often influenced by many external factors. So, with the right insight, this means impulse buys are a big opportunity for brands to tap into.

What motivates you to shop online or in a physical store?



Even though only 10% of total respondents categorise themselves as impulse buyers, a closer look at the data shows that those who were full-time employed (57%) said they were impulse buyers, whereas only 8% of students said they were impulse buyers. In this case, it is important for brands to understand how to influence the psyche of full-time workers, who are more likely to impulse buy. And to drive in-store impulse purchases, using location data to understand consumers habits and patterns will be key.

What location-powered real-world intelligence can offer is an insight into where people have been, where they are or will likely be going. If a person visits a shopping centre, for example, retail brands located there can target consumers with ads for their stores or products or re-target consumers seen nearby and reinforce their message when the consumer is not in proximity to the store. It's worth noting, then, that 52% of impulse buyers say that after seeing an ad on their mobile phone whilst outdoors they decided to walk to the nearest store and look for relevant products. What's more, 89% of those shoppers say they ended up purchasing the respective product as a result of the ad. This goes to show the real power that real-world intelligence can give to brands when targeting impulse buyers.

Our study shows that out of home (OOH) advertising is strong for influencing impulse-buys. It turns out that 67% of those aged 25-34 said 'yes' to going in-store after seeing an OOH ad.

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52% of impulse buyers say that after seeing an ad on their mobile phone whilst outdoors they decided to walk to the nearest store and look for relevant products

Have you seen an online advert while outdoors and decided to walk to the nearest physical store to look for relevant products?

	UK	Germany	Italy	Netherlands	UAE
YES	37%	42%	48%	45%	83%
NO	63%	58%	52%	55%	17%

Those who said the ad resulted in them making an in-store purchase were mostly influenced by road-side billboards (35%), digital screens (20%) or on the side of a bus (20%).

Have you seen an online advert while outdoors and decided to purchase the respective product in the physical store?

	UK	Germany	Italy	Netherlands	UAE
YES	83%	88%	86%	84%	94%
NO	17%	12%	14%	16%	6%

Brands can capitalise on their OOH marketing strategies by using this touchpoint as a qualifier. Using real-world intelligence, brands can then re-target, via mobile, the consumers that have been exposed to the OOH ads and reinforce their brand message and also leverage real-world intelligence to determine which are the OOH sites that are most effective at driving store visits. This additional touchpoint will help to increase brand awareness. By targeting consumers that are in proximity to OOH sites that are also close to stores, will drive more store visits and sales and help to measure the impact of their OOH strategy.

Of course, digital formats work well, too, with 33% of respondents saying they were influenced to shop in-store following an advert on their mobile or desktop. But the data we have collected proves that if retail brands tailor their advertising to the right consumer at a particular time, this can maximise results – whether it drives a consumer on the cusp of making a purchase or a consumer who isn't in the market for a particular item at all. Using real-world intelligence, brands will know which road-side billboards to buy or which shopping centres their customers are most likely to visit.

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33% of respondents say they were influenced to shop in-store following an advert on their mobile or desktop

Other factors influencing purchase decisions include:

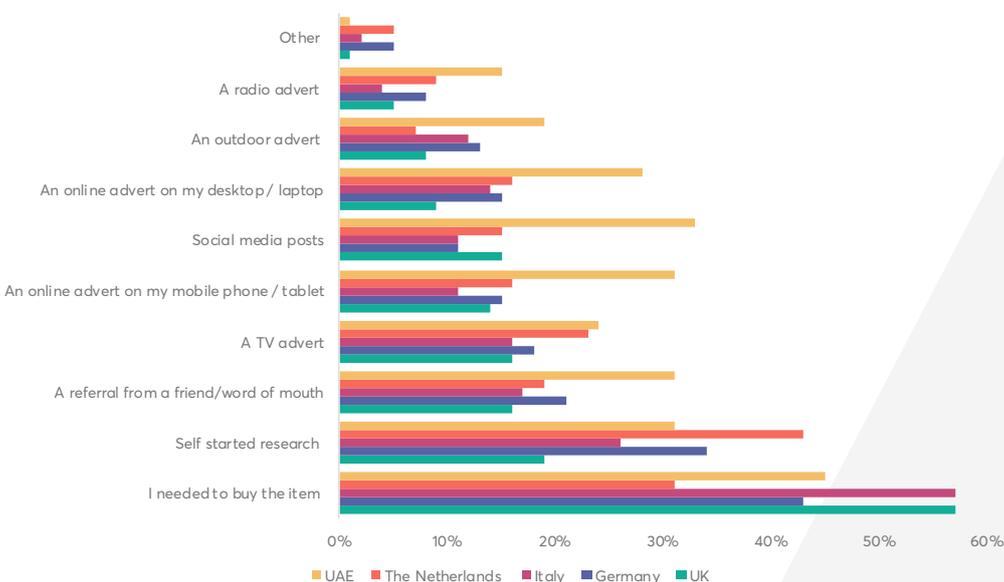
Friends and Family Opinion

It is to be expected that people want approval from others about the purchases they are looking to make. **“Does this coat look good on me?” “Will this sofa fit in with the theme of my living room?”** - We are all familiar with these sorts of questions. Our findings confirm that of the 60% of people who search for products online but make final purchases in-store, over a third (35%) seek peer reviews before purchasing. An additional 33% like to read customer reviews.

Brand Loyalty

Only 11% of consumers are loyal to a brand, so brands shouldn't just be thinking about whether their customers are going to visit their own stores. It is necessary to know what other stores consumers shop in, and what it is that motivates them to choose one store over another. **To do this, brands will need more than just basic personal information. Real-world intelligence will help paint the bigger picture.**

What has influenced you to make a purchase in a physical store, in the last 60 days?



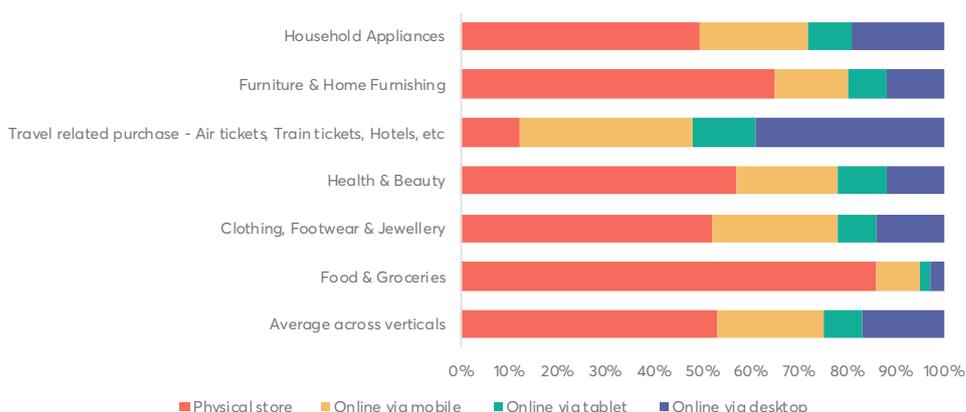
4 Sealing the deal

Once people are in your store to shop – online or offline – it is important to be aware of how the deal is going to be sealed. This is especially the case today, with new payment options regularly entering the fray.

When shopping online, most people prefer using Paypal for all sizes of payments according to our research. In the offline world, mobile wallets are not yet a popular means of payment, no matter what the amount is. Instead, cash is still a strong method of payment, with over a fifth (22%) of respondents saying they would use cash for purchases over £100, and 54% for purchases under £20. Despite over twenty percent of respondents saying they will use cash for larger purchases, cash is most commonly used for small purchases whereas debit and credit cards are used for purchases over £20.

Another thing to consider is how much people are willing to spend online versus offline. If you know someone will spend more on a certain product offline than online, marketers should aim to drive people in-store for those products. Our study shows this is very much the case for supermarket brands. When people are shopping for food & groceries, £83 is the average in-store purchase vs £50 online.

Which is your preferred method of shopping?



Market nuances

Impact of Brexit

- **43%** of Brits, regardless of employment status say their shopping habits will be affected by Brexit, with over half of those (**55%**) citing 'less disposable income' as a specific impact.
- **40%** of those that think Brexit will affect their shopping habits have stockpiled items – primarily food products (**49%**) and then household items (**44%**).
- Surprisingly, the largest group to have stockpiled items is students (**52%**), with food being the most commonly stockpiled category of product (**58%**).
- A much larger number of men (**50%**) have stockpiled items compared to women, of which only **29%** have been stockpiling.

UK Highlights



- London has the largest number of negotiators (25%) than anywhere else in the country.
- The West Midlands has the highest number of loyal customers (19%) than anywhere in the country.
- 63% of Brits use their phones when shopping in a physical store to compare prices online.

UAE Highlights



- 36% of UAE shoppers will use malls to shop across all categories, especially for clothing (46%). This makes the UAE the most popular place for people to use malls to shop.
- 83% of respondents in the UAE said they have seen an ad while outdoors and then walked to the closest store to find a specific item, with 94% of those deciding to purchase an item as a result.
- UAE respondents are the most willing to provide personal data upon entering a physical store in exchange for vouchers, with 81% being open to the idea.

German Highlights



- In the EMEA region, Germany has the lowest number of respondents willing to provide personal information upon entering a store in exchange for discount vouchers, with 56% being open to the idea.
- German shoppers are more likely to spend £150 or more for a single food and grocery purchase in-store versus online.
- In-store shopping for health and beauty products is overwhelmingly the most preferred option (62%) compared to online methods.

Italian Highlights



- 70% of Italians who check their mobile while shopping in a physical store will do so to compare prices online for the same item to ensure they're getting the best deal.
- While Italian consumers may search for items online, over half (51%) said they have completed their purchase in-store because they get better deals. This is more than any other EMEA country surveyed.
- In-store shopping for furniture is overwhelmingly the most preferred option (69%) compared to online methods.

Conclusion

For many categories, physical stores are still the preferred place for consumers to shop, with the most popular being food and groceries (89%), furniture (62%) and health and beauty (57%). There is a more even split between online and offline shopping for clothing, footwear, jewellery and household appliances. So, the data speaks for itself: the high street is very much alive and well. So how can brands make the most of this?

Re-invest in the highstreet

Ultimately, this insight shows that people across EMEA are still shopping in stores; thus retailers and marketers alike should be looking at reinvesting in the high street. Retail technology and the evolving consumer demands are constantly changing, but one thing stays crucially important, and that's customer experience. The report shows that meeting consumer expectations is changing the retail landscape and will be driven by innovation, personalisation, convenience and immediacy. All of which can be powered by real-world intelligence, the analysis of vast quantities of location data, to understand the truth about what people actually do.

Know your customer

By using mobile location data to understand consumer shopping patterns, retail brands will be able to know their target consumer far better. Brands cannot truly understand their audience based on their online history alone. Far deeper insights into the habits consumers have and their interests can be revealed through location data, which groups offline behaviour and reveals how consumers are spending their time. This can improve the effectiveness of ad targeting by putting products and offers in front of those consumers who are most likely to have brand affinity or to visit a store following exposure.

Make your channels efforts work harmoniously

With this in mind, brands should look at making their marketing channels work harmoniously. Using real-world intelligence to fuel the strategic planning of OOH, brands will reap the benefits of better return on investment. What's more, developments like Wi-Fi enabled OOH screens can pick up on mobile data, giving advertisers information on the types of ads they should place, where to place them and how they should be targeting mobile ads, to ultimately drive store visits.

Short-term offers for long-term gains

By marrying all this data and intelligence available to them, brands should look to embrace seasonal offers and vouchers for long-term gains. Reaching a consumer on the move can sometimes be challenging to reach peak engagement, but if a brand is able to identify what the consumer is looking for and what makes them 'tick', then results could be even more rewarding than uplifts in CTR. The results of this study show for example, that utilising vouchers for the savvy bargain hunter willing to give their data in store will make them loyal customers in the long run.

What we are seeing is that the online and offline worlds are merging, which has led to a retail renaissance – not an apocalypse. To keep the pulse going through physical retail, however, it's clear that brands must do better to understand consumer sentiment along the path to purchase. As we have seen, mobile is a crucial medium for marketers if they are to successfully reach consumers. However, in order to target people at each stage of the journey, a deep understanding of consumer behaviour and what they actually do is also crucial. Real-world intelligence into where consumers have been and are going allows retailers to understand key trends in consumer behaviour. With this knowledge, retail brands will be able to offer the innovations that today's consumers expect from their shopping experience and effectively target them at the point of conversion.



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